

Message Text

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PAGE 01 THE HA 02366 271637Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PA-02
ICAE-00 /041 W
-----072003 271704Z /43

R 271446Z APR 78
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC PRIORITY 2535
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM

UNCLAS THE HAGUE 2366

E.O. 11652: N/A
TAGS: EAIR, NL
SUBJ: CIVAIR: TEST OF PRESS RELEASE ON BUDGET FARES, NEW CHARTER
REGULATIONS

REF: THE HAGUE 2365

1. FOLLOWING IS THE TEXT OF THE PRESS RELEASE ON BUDGET FARES AND
LIBERALIZED CHARTER REGULATIONS ISSUED BY THE TRANSPORT MINISTRY
APRIL 26.

2. QUOTE AFTER EXTENSIVE CONSULTATION TRANSPORT STATE SECRETARY
DRS. N. SMIT-KROES AGREED TO THE NEW FARES PROPOSALS OF PANAM.
DURING THE THREE SUMMER MONTHS OF JULY, AUGUST AND SEPTEMBER PAN-
AM NOW OFFERS A SINGLE TICKET AMSTERDAM-NEW YORK FOR 468 GUILDERS.
DURING THE OTHER MONTHS THIS COMPANY CHARGES 407 GUILDERS FOR A
SINGLE TICKET AMSTERDAM-NEW YORK. ON THE BASIS OF THIS TARIFF IT
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IS ALSO POSSIBLE TO MAKE RETURN FLIGHTS WITH PANAM, THAT WILL COST
842 AND 733 GUILDERS, RESPECTIVELY.
QUOTE THE NEW PANAM TARIFFS WERE DISCUSSED BY AN AMERICAN AND
DUTCH DELEGATION ON APRIL 21. DURING THESE TALKS THE AMERICANS
WERE TOLD WHY THE FARES ORIGINALLY PROPOSED BY PANAM WERE UNACCEP-
TABLE. THE KLM RECEIVED APPROVAL TO CHARGE 842 GUILDERS FOR A RE-
TURN TICKET TO NEW YORK DURING THE THREE SUMMER MONTHS. FOR THE

OTHER MONTHS KLM MAY CHARGE 733 GUILDERS. THESE FARES SHOULD ENABLE PANAM AND KLM TO FILL A LIMITED NUMBER OF EMPTY SEATS. QUOTE STATE SECRETARY SMIT-KROES HAS APPROVED THESE FARES ON THE CONDITION THAT THEY APPLY DURING A TRIAL PERIOD OF ONE YEAR. IN THIS YEAR IT WILL BE STUDIED HOW MATTERS DEVELOP. THE AIRLINES WILL HAVE TO GIVE THE STATE SECRETARY THE NECESSARY INFORMATION, TO BE ABLE TO CHECK AFTERWARDS WHAT USE IS MADE OF THE FARES. QUOTE BECAUSE THE COMPANIES HAVE THEIR OWN COMMERCIAL APPROACH, IT CANNOT BE AVOIDED THAT DIFFERENCES WILL REMAIN IN THE TARIFF CONDITIONS. THIS IS ALSO CLEARLY SHOWN IN OTHER CENTERS OF AIR TRANSPORT, LONDON FOR INSTANCE.

QUOTE THE STATE SECRETARY, HOWEVER, HAS DESIRED THAT THE AIRLINES PUBLISH THEIR CONDITIONS CONNECTED TO THE LOW FARES AS CLEARLY AS POSSIBLE. MRS. SMIT-KROES FEELS THAT THE PUBLIC IS ENTITLED TO A CLEAR INSIGHT INTO THESE DIFFERENCES.

QUOTE MINIMUM PRICES FOR CHARTER TRANSPORT

QUOTE SINCE THERE IS A RELATION BETWEEN THE FARES AND FARES CONDITIONS OF SCHEDULED SERVICES AND THOSE OF CHARTER COMPANIES, NEW MEASURES HAVE ALSO BEEN TAKEN FOR CHARTERS:

- FOR THE THREE SUMMER MONTHS THE MINIMUM RETURN FARE FOR CHARTER FLIGHTS BETWEEN AMSTERDAM-NEW YORK IS LOWERED FROM 977 TO 842 GUILDERS. THE NEW MINIMUM FARES DURING THE WINTER SEASON WILL BE FIXED AS SOON AS POSSIBLE. THE MINIMUM PRICES FOR OTHER DESTINATIONS IN NORTH AMERICA WILL ALSO BE ADJUSTED.

- THE PERIOD DURING WHICH SEATS MUST BE BOOKED IN ADVANCE IS SHORTENED FROM 45 TO 30 DAYS;

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- TEN PERCENT OF THE NUMBER OF SEATS MAY STILL BE SOLD UP TO THE LAST MINUTE BEFORE TAKE-OFF;

- THE MINIMUM SIZE OF THE GROUP OF TRAVELLERS IS REDUCED FROM 40 TO 20 PASSENGERS.

QUOTE AS A RESULT OF THESE ADJUSTMENTS THAT APPLY TO ALL DESTINATIONS IN THE US., THE CHARTER COMPANIES WILL GET THE NECESSARY ROOM TO BE ABLE TO COMPETE WITH THE SCHEDULED AIRLINES. THE NEW FARES FOR CHARTERS ARE MINIMUM PRICES. THE TOUR OPERATORS ARE FREE TO OFFER TRIPS ABOVE THESE MINIMUM FARES. THIS BOILS DOWN TO THE FACT THAT IT DEPENDS ON THE MARKET SITUATION WHETHER PRICES OF CHARTER TRIPS WILL INDEED DROP.

QUOTE FROM THE PACKAGE OF MEASURES IT APPEARS THAT DURING THE SUMMER MONTHS THE MINIMUM PRICE OF CHARTER TRANSPORT IS AT THE SAME LEVEL AS THE LOWEST FARES OF SCHEDULED SERVICES.

QUOTE WITH THE CHARTER COMPANIES THE PASSENGER KNOWS THE DATES OF THE ROUND TRIP WELL IN ADVANCE. THE CONDITIONS THE SCHEDULED SERVICES CONNECT TO THEIR LOW FARES OFFER LESS CERTAINTY: FOR INSTANCE, THE PASSENGER WILL BE IN DOUBT WHETHER OR NOT A SEAT IS AVAILABLE AT THE VERY LOW TARIFF.

QUOTE ACCORDING TO THE TARIFF CONDITIONS OF THE SCHEDULED AIRLINES, THEY WILL APPLY THE VERY LOW FARES ON A VERY LIMITED SCALE. IT IS MAINLY A MATTER OF FILLING THE EMPTY SEATS. IN SPITE

OF THE LIMITED APPLICATION, STATE SECRETARY SMIT-KROES WANTS TO
PROMOTE THE CHEAP SCHEDULED FLIGHTS AS MUCH AS POSSIBLE. UNQUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, PRESS RELEASES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978THEHA02366
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780180-0636
Format: TEL
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978048/aaaaagbg.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9be834b4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 THE HAGUE 2365
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3035581
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: TEST OF PRESS RELEASE ON BUDGET FARES, NEW CHARTER REGULATIONS
TAGS: EAIR, NL
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/9be834b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014